



SMG

NEW EL PASO MULTIPURPOSE EVENT FACILITY

1st YEAR PROFORMA OPERATING STATEMENT

MAY 17, 2012

THIS REPORT IS BASED ON PROJECTIONS, ESTIMATES, ASSUMPTIONS AND INFORMATION FROM SUPPLEMENTAL RESEARCH. CHANGES IN THE MARKET, ITS ENVIRONMENT AND THE NATIONAL MARKETPLACE, ALONG WITH ASSUMPTIONS THAT DO NOT MATERIALIZE COULD DICTATE VARIATIONS IN THE ESTIMATED RESULTS. THEREFORE, ACTUAL RESULTS ACHIEVED MAY VARY FROM THE ESTIMATES.

SMG Proprietary and Confidential - © 2012

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
PROFORMA OPERATING STATEMENT
MAJOR ASSUMPTIONS

General:

1. The arena will consist of the following seating capacity:
15,000 General Seating without floor seating
17,000 General Seating with floor seating
2. The following premium seating elements will include:
22 Executive Suites with 12 seats each
2 Party Suites
300 Club Seats with VIP Club Lounge
3. The facilities used for comparison purposes are: InTrust Bank Arena (Wichita, KS), BOK Center (Tulsa, OK), Pinnacle Bank Arena (Lincoln, NE), Verizon Wireless Arena (Manchester, NH), Van Andel Arena (Grand Rapids, MI) among others.
4. The event and attendance assumptions are based upon prior studies, SMG's industry experience, results at similar facilities, and SMG's knowledge and relationships in the local marketplace.

Revenue:

1. Net rental income is based upon industry standards, SMG's experience in similar markets/facilities as well as information provided as part of the RFP.
2. Food & Beverage is assumed to be handled on an in-house basis. Gross sales are estimated at approximately \$1.5M, with the operation yielding a 38% net income to the facility,
3. Merchandise is assumed to be handled in-house and the net profit margin is assumed to be 15% based upon industry averages.
4. There are assumed to be only 300 revenue generating parking spaces available to the operations of the Arena. It is assumed that there will be parking available for premium seating patrons.
5. Ticketing Incentives are assumed to vary by event per contract based upon the type of event and ticket price. This also includes facility income from will-call orders, mail orders and 'at-home' printing. It is assumed that any fees generated from tenant events would be retained by the tenant.
6. Facility fees are assumed to be \$2.00 per ticket with the exception of family shows and collegiate events.
7. Luxury seating sales are assumed to be handled under a 3rd party contract.

Suite leases are also assumed to include tickets to all other events, with the ability to purchase additional standing-room tickets. These tickets are assumed to be off the ticketing vendor manifest and the revenue from these tickets will be retained by the Arena. Suite leases are also assumed to include parking, the value of which is deducted from the suite premium.

Club Seats are assumed to yield a minimum \$500 per seat premium to the facility regardless of whether or not the purchase of a Club Seat includes tickets to tenant or other events.

Suites also include parking passes for all events, the cost of which is deducted from the lease prices as it is assumed the operator will be required to secure those spaces.
8. Party suite rentals are based upon SMG experience in similar facilities. The ability to rent these suites on a per-event basis is largely dependent upon the location of the suites. Example: if suites are behind the stage, they cannot be rented for end-stage concerts.
9. Advertising sales are assumed to be handled under a 3rd party contract. The income assumed in this proforma is based upon SMG's experience in similar facilities and markets.

Expenses:

1. All operating expenses are based upon SMG's experience in similar facilities and assumes most services will be handled on an in-house basis or sub-contracted by SMG.
2. Insurance expenses are based on SMG's industry clout and leverages policy rates. Property insurance is assumed to be provided by the City as part of its overall program.
3. Utilities are assumed at \$650K annually. This cost may differ and should be further analyzed as the facility draws closer to design/construction, as well as once a further understanding of how the arena will be monitored is gained. As a result, this figure could change significantly.

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
1st YEAR PROFORMA OPERATING STATEMENT
LEAD INCOME STATEMENT

	YEAR 1
Total # of Events	62
Total Annual Attendance	341,500
<u>Event Income</u>	
Net Rental Income	\$420,500
Ancillary Income	
Food & Beverage	\$549,793
Novelty	183,130
Parking	57,600
Total Ancillary	\$790,523
Other Event Related Income	
Ticket Incentives	\$312,372
Facility Fees	294,250
Total Other Event Related	\$606,622
Total Event Income	\$1,817,645
Other Operating Income	1,307,000
Adjusted Gross Income	\$3,124,645
<u>Indirect Expenses</u>	
Labor Costs	1,913,760
General & Administrative	248,500
Operations	577,500
Utilities	650,000
Insurance	78,480
Total Indirect Expenses	\$3,468,240
Net Operating Income/(Loss)	(\$343,595)
(before management fees, property taxes & property insurance)	

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
1st YEAR PROFORMA OPERATING STATEMENT
OTHER OPERATING INCOME

YEAR 1

Advertising & Sponsorship Income

Advertising	400,000
Naming Rights (1)	150,000

Premium Seating Income

Luxury Suite Premiums	\$495,000
Loge Box Premiums	0
Club Seat Premiums	150,000
Party Suite Rentals	85,000

Other Miscellaneous

Interest Income	12,000
Other Miscellaneous	15,000

Total	<u>\$1,307,000</u>
--------------	---------------------------

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
1st YEAR PROFORMA OPERATING STATEMENT

SECTION B
EVENT SUMMARIES

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
PROFORMA OPERATING STATEMENT
YEAR 1 EVENT SUMMARY SCHEDULE
BY EVENT TYPE

	Family Shows	Full-House Concerts	Half-House Concerts	Theater Concerts	Rodeos / Bullriding	Religious / Conventions
Number of Events (performances)	12	7	6	4	4	2
<u>Total Annual Attendance</u>						
Regular	31,176	79,498	33,588	14,656	9,588	10,000
Club/Loge Seating	3,240	3,024	1,620	1,080	1,620	-
Suites	1,584	1,478	792	264	792	-
Total Attendance	36,000	84,000	36,000	16,000	12,000	10,000
<u>Attendance per Event</u>						
Regular	2,598	11,357	5,598	3,664	2,397	5,000
Club/Loge Seating	270	432	270	270	405	-
Suites	132	211	132	66	198	-
Total Attendance	3,000	12,000	6,000	4,000	3,000	5,000

DIRECT EVENT INCOME

Net Rental Income	\$54,000	\$87,500	\$45,000	\$5,000	\$20,000	\$15,000
<u>ANCILLARY INCOME</u>						
Food & Beverage	\$44,604	\$204,221	\$73,170	\$32,120	\$30,204	\$8,000
Novelty Income	8,100	80,850	34,650	15,400	3,600	0
Parking Income	14,400	8,400	7,200	4,800	4,800	2,400
TOTAL ANCILLARY	\$67,104	\$293,471	\$115,020	\$52,320	\$38,604	\$10,400
TOTAL EVENT INCOME	\$121,104	\$380,971	\$160,020	\$57,320	\$58,604	\$25,400

OTHER EVENT RELATED ITEMS:

Ticket Incentives	\$39,044	\$80,032	\$34,146	\$15,261	\$18,732	\$0
Facility Fees	0	84,000	36,000	16,000	24,000	0
TOTAL EVENT INCOME	\$160,148	\$545,003	\$230,166	\$88,581	\$101,336	\$25,400
EVENT INCOME PER EVENT	\$13,346	\$77,858	\$38,361	\$22,145	\$25,334	\$12,700

SMG
NEW EL PASO MULTIPURPOSE EVENT
PROFORMA OPERATING STATEMENT
YEAR 1 EVENT SUMMARY SCHEDULE
BY EVENT TYPE

	Graduations / Civic	Boxing/MMA	Motorsports	Ice Shows	UTEP Basketball	High School Basketball Tournament
Number of Events (performances)	6	2	2	6	2	3
<u>Total Annual Attendance</u>						
Regular	48,000	14,196	9,196	19,176	23,553	20,691
Club/Loge Seating	-	540	540	3,240	972	1,215
Suites	-	264	264	1,584	475	594
Total Attendance	48,000	15,000	10,000	24,000	25,000	22,500
<u>Attendance per Event</u>						
Regular	8,000	7,098	4,598	3,196	11,776	6,897
Club/Loge Seating	-	270	270	540	486	405
Suites	-	132	132	264	238	198
Total Attendance	8,000	7,500	5,000	4,000	12,500	7,500

DIRECT EVENT INCOME

Net Rental Income	\$30,000	\$60,000	\$20,000	\$27,000	\$24,000	\$30,000
<u>ANCILLARY INCOME</u>						
Food & Beverage	\$0	\$30,390	\$24,468	\$30,204	\$40,562	\$18,351
Novelty Income	0	16,875	8,250	5,280	0	10,125
Parking Income	0	0	2,400	7,200	2,400	3,600
TOTAL ANCILLARY	\$0	\$47,265	\$35,118	\$42,684	\$42,962	\$32,076
TOTAL EVENT INCOME	\$30,000	\$107,265	\$55,118	\$69,684	\$66,962	\$62,076

OTHER EVENT RELATED ITEMS:

Ticket Incentives	\$0	\$24,628	\$16,271	\$37,463	\$27,823	\$18,972
Facility Fees	0	30,000	20,000	48,000	25,000	11,250
TOTAL EVENT INCOME	\$30,000	\$161,893	\$91,389	\$155,147	\$119,784	\$92,298
EVENT INCOME PER EVENT	\$5,000	\$80,946	\$45,695	\$25,858	\$59,892	\$30,766

SMG
NEW EL PASO MULTIPURPOSE EVENT
PROFORMA OPERATING STATEMENT
YEAR 1 EVENT SUMMARY SCHEDULE
BY EVENT TYPE

	Banquets / Meetings / Parties	GRAND TOTALS
Number of Events (performances)	6	62
<u>Total Annual Attendance</u>		
Regular	3,000	316,317
Club/Loge Seating	-	17,091
Suites	-	8,092
Total Attendance	3,000	341,500
<u>Attendance per Event</u>		
Regular	500	5,102
Club/Loge Seating	-	276
Suites	-	131
Total Attendance	500	5,508

DIRECT EVENT INCOME

Net Rental Income	\$3,000	\$420,500
<u>ANCILLARY INCOME</u>		
Food & Beverage	\$13,500	\$549,793
Novelty Income	0	183,130
Parking Income	0	57,600
TOTAL ANCILLARY	\$13,500	\$790,523
TOTAL EVENT INCOME	\$16,500	\$1,211,023

OTHER EVENT RELATED ITEMS:

Ticket Incentives	\$0	\$312,372
Facility Fees	0	294,250
TOTAL EVENT INCOME	\$16,500	\$1,817,645
EVENT INCOME PER EVENT	\$2,750	\$29,317

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
1st YEAR PROFORMA OPERATING STATEMENT

SECTION C
INDIRECT EXPENSE SUMMARY

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
PROFORMA OPERATING STATEMENT
INDIRECT EXPENSE SUMMARY

	YEAR 1
<u>Labor Costs</u>	
Salaries	\$1,417,000
Taxes & Benefits	396,760
Part-Time Labor	100,000
Total Labor	\$1,913,760
<u>General & Administrative</u>	
Telephone	\$50,000
Advertising, Marketing & PR	50,000
Professional Fees	25,000
Computer/Data Processing	25,000
Office Supplies	20,000
Bank & Credit Card Charges	20,000
Printing & Stationery	12,000
Uniforms	7,500
Meetings & Conventions	7,500
Postage	6,000
Dues & Subs	5,000
Employee Training	4,500
Travel & Entertainment	5,000
Armored Car Service	5,000
Licenses & Permits	1,000
Miscellaneous	5,000
Total General & Administrative	\$248,500
<u>Operations</u>	
Contracted Services/Svc. Agreements	250,000
Operations/Janitorial Supplies	125,000
General Repairs & Maintenance	125,000
Landscaping	25,000
Snow Removal	0
Trash Removal	30,000
Exterminating	10,000
Equipment Rental	7,500
Miscellaneous	5,000
Total Operations	\$577,500
<u>Utilities</u>	
Electricity/Gas/Water (assumed to grow 5%/yr)	\$650,000
Total Utilities	\$650,000
<u>Insurance</u>	
see supporting schedule	\$78,480
<u>Management Fees</u>	
Base Fee	<i>tbd</i>
	\$0
<u>Food & Beverage Indirect Exp</u>	
see supporting schedule	\$0
Total Indirect Expenses	\$3,468,240

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
1st YEAR PROFORMA OPERATING STATEMENT

SECTION D
OTHER SUPPORTING SCHEDULES

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
1st YEAR PROFORMA OPERATING STATEMENT
LUXURY SUITES REVENUES

	YEAR 1
# Suites	20
Less: Sponsors, Owner, etc.	(2)
Total Suites Available for Sale	18
Number of Suites Sold	18
% of Suites Sold	100%
 Average Annual Premium per Suite	 \$27,500
 Parking Passes Per Suite	 3
Cost per Parking Pass	\$0.00
Number of Events	56
 Average Number of Seats Per Suite	 12
Cost Per Ticket per Game	\$0.00
Total Number of Tenant Games	0
 Annual Lease Price	 \$27,500
Less: Annual Tickets to Tenant Events	\$0
Less: Annual Cost of Parking Passes	\$0
Annual Premium Per Suite	\$27,500
# Suites Sold	18
TOTAL ANNUAL SUITE PREMIUMS	\$495,000

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
1st YEAR PROFORMA OPERATING STATEMENT
CLUB SEAT REVENUES

	YEAR 1
Total Seats Available for Sale	300
Number of Seats Sold	300
% of Suites Sold	100%
Average Annual Premium per Seat	\$500
Parking Passes Per Seat	0.00
Cost per Parking Pass	\$5.00
Cost Per Ticket per Game	\$0.00
Total Number of Tenant Games	0
Annual Lease Price	\$500
Less: Annual Tickets to Tenant Events	\$0
Less: Annual Cost of Parking Passes	\$0
Annual Premium Per Seat	\$500
# Seats Sold	300
TOTAL ANNUAL CLIB SEAT PREMIUMS	\$150,000

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
1st YEAR PROFORMA OPERATING STATEMENT
PARTY SUITE REVENUES

YEAR 1					
Event Type	# of Party Suites	Avg. Cost Per Suite*	Total Events	Event Days Sold	Suite Income
Concerts	2	\$1,500	17	16	\$48,000
Family Shows/Sports	2	\$925	25	20	\$37,000
					\$85,000

*tickets only, does not include F&B.

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
1st YEAR PROFORMA OPERATING STATEMENT
INSURANCE CALCULATION

		YEAR 1
Attendance		341,500
General Liability	0.170	\$58,055
Excess Liability	27%	15,675
Auto		\$2,500
Crime		750
Other		1,500
Insurance Total		\$78,480

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
1st YEAR PROFORMA OPERATING STATEMENT

SECTION E
SALARIES & RELATED EXPENSES

SMG
NEW EL PASO MULTIPURPOSE EVENT FACILITY
1st YEAR PROFORMA OPERATING STATEMENT
SALARIES & RELATED EXPENSES

Dept	Title		YEAR 1		
			Annual Compensation	Payroll Burden 28%	TOTAL
Executive	Asst. General Manager	1.0	85,000	23,800	108,800
	Receptionist	1.0	25,000	7,000	32,000
	Admin Assistant	1.0	40,000	11,200	51,200
	HR Coordinator	1.0	35,000	9,800	44,800
	Subtotal	4.0	185,000	51,800	236,800
Finance	Director of Finance	1.0	70,000	19,600	89,600
	Accounting Manager	1.0	45,000	12,600	57,600
	Staff Accountant	1.0	35,000	9,800	44,800
	Accounting Clerk	1.0	30,000	8,400	38,400
	Subtotal	4.0	180,000	50,400	230,400
Sales & Marketing	Director of Sales & Marketing	1.0	70,000	19,600	89,600
	Event Marketing Manager	1.0	37,000	10,360	47,360
	Marketing Coordinator	1.0	35,000	9,800	44,800
	Subtotal	3.0	142,000	39,760	181,760
Box Office	Box Office Manager	1.0	45,000	12,600	57,600
	Assistant Box Office Mgr.	1.0	32,000	8,960	40,960
	Ticket Sellers	3.0	70,000	19,600	89,600
	Subtotal	5.0	147,000	41,160	188,160
Event Management	Director of Event Services	1.0	70,000	19,600	89,600
	Event Coordinator	1.0	35,000	9,800	44,800
	Premium Seating Manager	1.0	40,000	11,200	51,200
	Patron Services Manager	1.0	38,000	10,640	48,640
	Security Manager	1.0	30,000	8,400	38,400
	Subtotal	5.0	213,000	59,640	272,640
Operations	Director of Operations	1.0	70,000	19,600	89,600
	Admin Assistant	1.0	25,000	7,000	32,000
	Operations Manager	1.0	40,000	11,200	51,200
	Engineering Manager	1.0	55,000	15,400	70,400
	Building Engineer	2.0	90,000	25,200	115,200
	Skilled Trades Worker	3.0	90,000	25,200	115,200
	Ice Technician	1.0	32,000	8,960	40,960
	InfoTech Services Manager	1.0	50,000	14,000	64,000
	Operations Supervisor	1.0	32,000	8,960	40,960
	Operations Staff	3.0	66,000	18,480	84,480
	Subtotal	15.0	550,000	154,000	704,000
Part-Time Wages				-	100,000
	Total All Departments	36.0	1,417,000	396,760	1,913,760